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***Application of Moore Sewer, Inc.  
for an adjustment of rates and charges for the  
provision of sewer collection and for approval  
of certain contractual relationships***

***Docket No. 2002-104-S***

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SC PUBLIC SERVICE  
COMMISSION

***Testimony of  
William O. Richardson  
Utilities Department***

EXHIBIT DATE: OK DW  
SERVICE: OK DW

***Public Service Commission of South Carolina***

1 **Q. WOULD YOU PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**  
2 **OCCUPATION?**

3 **A.** William O. Richardson, 101 Executive Center Drive, Columbia, South Carolina  
4 29210. I am employed by The Public Service Commission of South Carolina,  
5 Utilities Department, as Acting Chief of the Water and Sewer Area.

6 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**  
7 **EXPERIENCE.**

8 **A.** I received a Bachelor of Science Degree in Electrical and Computer  
9 Engineering from Clemson University in 1975. After graduation I was  
10 employed by Daniel Construction Company as an Electrical Engineer in the  
11 Power Division. In 1978 I was employed by this Commission as an Engineer  
12 Associate II. I have been Acting Chief since February 1, 2002. I have  
13 attended various courses and seminars related to engineering, life analysis and  
14 accounting relationships. I am a member of the Water Environment  
15 Association of South Carolina and a member of the AWWA. I have testified  
16 before this Commission in other proceedings involving fuel adjustment clauses,  
17 purchased gas adjustments, and rate case proceedings of electric, water and  
18 wastewater utilities.

19 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
20 **PROCEEDING?**

21 **A:** The purpose of my testimony is to address the proposed collection charge and  
22 to discuss the contracts that Moore Sewer has negotiated with the City of  
23 Spartanburg and the Spartanburg Sanitary Sewer District (SSSD).  
24 Additionally, I will address the revenue issue related to the Company's  
25 decision to not charge customers in the Madera Subdivision from September  
26 1, 2001 until the present.

27 **Q. PLEASE DISCUSS THE PROPOSED SEWER COLLECTION CHARGE**  
28 **INCLUDED IN THE COMPANY'S APPLICATION.**

29 **A.** The Notice of Filing that was published and sent to all the customers only had  
30 the currently approved rates for Madera and Linville Hills S/D's which are the

1 rates that Moore Sewer has asked the Commission to approve as a collection  
2 only rate. The Application also requested as an alternative, that should the  
3 Commission deem appropriate a single collection charge for the entire service  
4 area of Moore Sewer, the Commission establish such a charge. Staff has  
5 calculated such a charge. The Pro Forma revenue as shown on Audit Exhibit  
6 A is \$135,175. To produce this revenue a charge of \$24.98 would be required  
7 of the Moore Sewer 451 customer base. Since the Notice of Filing indicated a  
8 charge of \$17.50 in the Madera system, Staff is of the opinion that \$17.50 is  
9 the maximum amount allowed to be charged to those customers. The Linville  
10 Hills customers are currently being charged \$28.50. The \$24.98 charge would  
11 be a reduction to Linville Hill customers of \$3.52.

12 **Q. PLEASE DISCUSS THE CONTRACTS THAT THE COMPANY IS**  
13 **REQUESTING THE COMMISSION TO APPROVE.**

14 A. First of all, the agreement through which the SSSD agreed to accept  
15 wastewater from the Madera system was originally negotiated by the owner  
16 of Madera Utilities, Inc., Mr. Jack Rogers, before Moore Sewer assumed  
17 control of the Madera Village system. This was done in compliance with the  
18 Consent Order provisions imposed by DHEC. Accordingly, preparations for the  
19 tie on (such as the construction of a sewage pumping station) were already  
20 completed or underway when Moore Sewer assumed ownership of Madera  
21 Village in April 2001. Secondly, as Mr. Teichman has pointed out in his direct  
22 testimony, SCDHEC required Moore Sewer to phase out the Madera treatment  
23 pond and tie on to the SSSD system. (This obligation to close the treatment  
24 pond and send wastewater to the SSSD system also arose before Moore  
25 Sewer became the owner of the Madera system). The contract to tie in the  
26 Madera Village system required the Company to pay to the City of  
27 Spartanburg capacity fees in the amount of \$28,154 and to the Spartanburg  
28 Sanitary Sewer District capacity fees of \$17,932.92. A total of \$46,086.92 in  
29 capacity fees. The contract states that the customers will also be charged  
30 sewer user fees of \$1.320/100 cubic feet for transportation and treatment by

1 SSSD and \$0.930/100 cubic feet for collection by the City. This is a total of  
2 \$2.250/100 cubic feet. A customer using 6,000 gallons of water (800 cubic  
3 feet) would be charged \$18.00 for treatment services plus the sewer  
4 collection charge imposed by Moore Sewer. The City of Spartanburg is  
5 directly billing the customers the \$2.250/cubic foot rate for sewer treatment  
6 along with the water bill from the City. For the Linville Hills system, SSSD will  
7 bill Moore Sewer \$1.50 plus \$1.49/100 cubic foot for treatment of the  
8 wastewater discharged from the Linville Hills system to the SSSD's North River  
9 WWTP. Moore Sewer will then divide that charge by the number of  
10 customers and pass those charges on to its customers without markup. Staff  
11 is not able to estimate the amount of that usage at this time.

12 **Q. PLEASE DISCUSS THE REVENUE ISSUE RELATED TO THE COMPANY'S**  
13 **DECISION NOT TO CHARGE CUSTOMERS IN THE MADERA**  
14 **SUBDIVISION FROM SEPTEMBER 1, 2001 UNTIL THE PRESENT.**

15 A. The purpose of this part of my testimony is to provide the Commission a  
16 reasonable calculation of the revenues that the Company would have  
17 collected but did not due to the Company's cessation of charges to the  
18 Madera customers as of August 31, 2001. For the 12 month period  
19 September 1, 2001 through August 31, 2002 the Company would have billed  
20 188 customers \$17.50 for 12 months and collected a total of \$39,480.00 in  
21 service revenue. At the time of cessation the customers owed a balance of  
22 \$10,885.76 which has not been collected due to not being able to bill the  
23 Madera customers. This brings the total amount of uncollected revenue to  
24 \$50,366.

25 Staff has requested the Company to provide the amount billed the customers  
26 by Spartanburg Water Company for sewer treatment in Madera subdivision.  
27 The Company has not been able to obtain this information. The Staff has no  
28 estimate of the amount of water used by Madera customers therefore no  
29 estimates of how much the Madera customers have paid for sewer treatment  
30 services.

1 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

2 **A.** Yes it does.